

Maryland Lottery and Gaming Control Commission

Martin O'Malley, Governor



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION JUNE MINUTES

DATE: June 26, 2014

TIME: 10 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters

PRESENT: Chair Kimberly Robertson Pannell via phone
Vice Chair Diane L. McGraw
Commissioner F. Vernon Boozer
Commissioner Bert J. Hash, Jr.
Commissioner E. Randolph Marriner
Commissioner John Morton via phone
Commissioner James Stakem

Stephen Martino, Director
Gina Smith, Deputy Director & CFO
Robert Fontaine, OAG Principal Counsel
John Martin, Assistant Director for Lottery
J. Philip Metz, Jr., Casino Licensing Manager
Jaclyn Vincent, Director of Gaming Research
Jennifer Wetherell, Director of Electronic Gaming Operations
Holly Citko, OAG Deputy Counsel
Kathy Renzi, Executive Assistant

OTHERS: Representative from Hollywood Casino/Perryville
Representative from Casino at Ocean Downs
Representative from Maryland Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Representative from MGM Resorts International – National Harbor
Members of the Public

CALL TO ORDER

There being a quorum present, Vice Chair McGraw called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:01 a.m. Commissioners present were: Vice Chair Diane McGraw, F. Vernon Boozer, Bert J. Hash, Jr., E. Randolph Marriner, and James Stakem. Chair Kimberly Robertson Pannell and Commissioner John Morton participated via phone.

APPROVAL OF THE AGENDA

Vice Chair McGraw said she would entertain a motion to approve the Amended Agenda. Motion to approve the Amended Agenda was made by Chair Robertson Pannell, seconded by Commissioner Hash, and the motion carried by unanimous vote of the Commission.

APPROVAL OF MINUTES

Vice Chair McGraw stated the May 22, 2014 open session minutes were provided to the Commissioners for review and asked if there were any changes. There were no changes. Chair Robertson Pannell made a motion that the May 22 open session minutes be approved, it was seconded by Commissioner Stakem, and the motion carried by unanimous vote of the Commission.

CONSENT AGENDA

Vice Chair McGraw said the Consent Agenda contains five new instant ticket games for the Commission's approval: Game #173 *Holiday Doubler*, Game #174 *Reindeer Winnings*, Game #175 *Nutcracker Cash Doubler*, Game #176 *Holiday Bingo*, and Game #177 *Winter Cash Tripler*. The Consent Agenda also contains VLT Games and Component Testing, Bingo Hall Games and Component Testing, and Gaming License Application Denials for the Commission's approval. She asked if the Commissioners wished to remove any items for discussion.

Hearing none, Vice Chair McGraw requested a motion to approve the five new instant ticket games noted above as well as the VLT Games and Component Testing, Bingo Hall Games and Component Testing, and Gaming License Application Denials. Motion made by Chair Robertson Pannell, seconded by Commissioner Hash and motion carried by unanimous vote of the Commission.

OPERATOR REPORTS

Hollywood Casino Perryville

Ms. Jeannie Magdefdefrau, Vice President of Finance, stated total gaming revenue for May versus last year was down 9%. Slot revenue declined by 7%. Table games are down 5.4% and

poker declined by 56.2%. Although table game revenue declined, it was the highest month since May 2013.

Currently, the casino is in the process of designing their new monument sign. They are working with the owners of the sign to have it revised so that people will know where the facility is located.

Casino at Ocean Downs

Mr. Joseph Cavilla, General Manager, said revenue for the month of May improved significantly over April. May revenue was approximately \$4.7 million, about 30% over April, but was still down 1.5% from last year. Some of the contributing factors to this decrease were the heavy marketing from the competitors. The summer season was off to a good start with the Ocean City Air Show. The casino has a good partnership with the group that runs the show. Vice Chair McGraw commented on the air show mentioning that Casino at Ocean Downs was written in the sky by the skywriters.

There are no dates to announce for the new construction plans. They are closing in on the completion of the sewer project. The parking lot should be finished within the next four weeks. Chair Robertson Pannell asked if the casino will move forward with table games after the completion of the construction. Mr. Cavilla responded the plans for a building with an additional 35,000 square feet were submitted to Worcester County and would include ten to twelve table games.

Maryland Live! Casino

Mr. Mario Mizon, Senior Vice President of Marketing, said total revenue for May was \$59.5 million, up 8.1% year over year. Slots revenue was \$39 million, up 3.9% year over year. Table game revenues were \$18.4 million, up 4.5% year over year. Poker revenue remained steady at \$2.2 million.

The addition of the new table game pit configuration was completed and now puts the casino at 4,241 slots and 189 table games.

In the month of May, the casino hosted its first Black Jack Tournament. Also during the month of May, they hosted Leadership Anne Arundel Tribute Night and partnered with the Susan B. Komen Foundation to host their board meeting. The Luk Fu Asian restaurant opened in June. In July, they are partnering with the West County Chamber and Commerce Military Affairs Committee to host an Independence Day celebration. Also in July, the casino, along with Arundel Mills Mall, will be hosting an Independence Day event and community barbeque.

At Ram's Head, the Live! Stars singing competition that began in March will conclude the last weekend of June.

Rocky Gap Casino Resort

Mr. Scott Just, General Manager, said May and June have been difficult months due to the construction that has been taking place. They hope to have construction concluded by July 3. The casino hosted the Responsible Gambling meeting which was held on June 25. Their one year Grand Opening Celebration was also held this month.

Horseshoe Casino Baltimore

Mr. Chad Barnhill, Senior Vice President/General Manager, announced the opening date for the new casino will be August 26. The controlled demonstration is scheduled for August 18 and 21. There have been 2,200 job offers made and they anticipate 1,700 to 1,900 employees to be on board when the casino opens. Of the job offers made, 50% went to Baltimore City residents. The work of the Human Resources department made this happen with the job fairs and guidance given by them.

For the first time the World Series of Poker will be held in Baltimore from February 26, 2015 through March 9, 2015.

MGM Resorts International – National Harbor

Mr. Lorenzo Creighton, President said they are moving dirt on the resort site. They have negotiated with Prince George's County on an agreement concerning such things as MBE goals, local hiring, and commitment to social responsibility. Whiting Turner has been selected as the general contractor. Detailed site plan approval is scheduled for July 17.

STAFF REPORTS

Director's Report - Stephen Martino

Mr. Martino said on June 25, he attended the Maryland Alliance for Responsible Gaming meeting that was held at Rocky Gap. The casino was a very good host and set the bar high for other casinos that may host future meetings.

The Agency is now at the end of the fiscal year. The revised sales sheet shows sales are under 2% and revenue is down 4%. The Agency is above the Board of Revenue Estimates number by \$2.6 million. The Lottery side is currently working on a goal setting and strategic plan that will be presented to the Commission upon its completion. As soon as the numbers for the end of fiscal year are final, they will be provided to the Commission.

As stated, Horseshoe Casino Baltimore is scheduled to open on August 26. The Agency is working on the licensing of 1,700 applicants. The casino will purchase 1,900 slot machines that will be linked to the central computer system.

Internal meetings are being conducted, as well as meetings with other State agencies, to help facilitate the transfer of slot machine ownership from the State to the casinos. This transfer will

take place in April 2015. After that date, the Agency will still continue to procure machines for Rocky Gap and Ocean Downs.

The Lottery is currently in the process of drafting an RFP for the On-Line Gaming System. The current 10 year contract expires in June 2016. Staff will be working with Vice Chair McGraw and the Commission will be updated on the progress.

There is a revision to the upcoming Commission meeting dates. There will be no meeting in the month of July. The August meeting is being moved to August 14, to allow for discussion of the application and other requirements for the opening of Horseshoe Casino Baltimore.

Administration, Finance & Operations – Gina Smith, Deputy Director/CFO

The Financial Statements for February and March were given to the Commission in draft form at the last meeting. Final copies for those months were mailed after that meeting. The April Financial Statement was provided with this month's packet of information.

Work is being done on the close out of the FY2014 budget. When completed, it will be converted to GAAP, which is due October 3. As of July 1, the Agency will be part of the MUSL group.

Contract – Consulting Services for Gaming Research (#2015-02)

Ms. Smith said this is a two year sole source contract with Cummings Associates in the amount of \$95,000. The purpose of the contract is to assist and advise the Commission on various aspects of gaming operations. Staff recommends approval. Subject to the Commission's approval, this Contract will be submitted to the Department of Budget and Management for its review/approval.

The Vice Chair asked if there was any further discussion. Hearing none, she said she would entertain a motion to approve the Contract for Consulting Services for Gaming Research (#2015-02) with Cummings Associates in the amount of \$95,000. Motion to approve made by Commissioner Marriner, seconded by Commissioner Stakem, and motion carried by unanimous vote of Commission.

Gaming – Jennifer Wetherell, Director, Electronic Gaming Device Operations

Since Mr. LaBoy, Assistant Director for Gaming, is unable to attend today's meeting, Ms. Wetherell presented the Gaming report for this month. Ms. Wetherell stated that the report submitted stands as written.

Proposed Amended Regulations – Gaming Provisions, Video Lottery Terminals and Table Games

The proposed amendments to COMAR 36.03.01 Gaming Provisions-General, COMAR 36.04.01 Video Lottery Terminals-Video Lottery Technical Standards, and COMAR 36.05.01 Table Games – General, address needed technical corrections.

Ms. Wetherell explained the corrections that were made and the reason for the proposed changes to the regulations.

There being no further discussion, Vice Chair McGraw said she would entertain a motion to approve proposed amendments to COMAR 36.03.01, 36.04.01, and 36.05.01. Motion made by Commissioner Hash, seconded by Commissioner Morton, and motion carried by unanimous vote of the Commission.

Proposed Amended Regulations – Table Games

At the May 2014 meeting, the Commission approved amendments to COMAR 36.05.09 Table Games-Four Card Poker Rules. Since then, Staff discovered clerical errors in approved amendments to Regulation .12 – Payout Odds; Envy Bonus; Rate of Progression. Staff is requesting that the Commission withdraw all the amendments to this chapter approved in May and approve the amendments proposed today. Vice Chair McGraw asked if this should proceed as an emergency regulation. Ms. Wetherell responded it should proceed as an emergency regulation.

There being no further discussion, Vice Chair McGraw said she would entertain a motion to approve on an emergency basis the proposed withdrawal and replacement of COMAR 36.05.09. Motion made by Commissioner Stakem, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Lottery – John A. Martin, Assistant Director

Mr. Martin said were four new instant ticket games launched in June (*21, White Ice 7s, Hold'Em Poker* and *\$1,000,000 Fortune*). In association with the Oriole's instant ticket, the second chance contest drawing for the trip to Wrigley Field will be held on June 30. The final second chance drawing for the *Monopoly* instant ticket game will be held in June. Due to the success of the Monopoly ticket, the Agency will launch a new \$5 *Monopoly* instant ticket in July. Also, a new extension of the "My Lottery Rewards" Program has been introduced.

The SalesMaker 2014 kickoff in Region 1 will end by July 3.

The Sales department is in the process of filling key positions. Staff will be attending the American Legion Convention in Ocean City on July 15, 16 and 17.

The Communications department held a remote drawing at the Irish Festival on July 11.

Enforcement – J. Philip Metz, Jr., Casino Licensing Manager

Mr. Metz provided an updated report to the Commissioners containing new licensing numbers for Horseshoe Casino Baltimore. As of June 26, there have been 300 licenses approved, there are 250 to 275 licensing requests pending, and 15 were recommended for denial. There are no other additions, changes, or corrections to add to the report which was provided to the Commission.

Proposed Amended Regulation – Gaming Provisions

The proposed amendment to Regulation 36.03.03.04 – Gaming Provisions – Video Lottery Operations License – Qualification by the Commission would place the seven-year “look back” limit on an operation license applicant’s commission of an act that would constitute a gambling offense or a crime of moral turpitude that is imposed on applicants for video lottery employee licenses.

The Vice Chair asked if there was any further discussion. Hearing none, she said she would entertain a motion to approve the amendment to COMAR 36.03.03.04. Motion to approve made by Commissioner Marriner, seconded by Commissioner Stakem, and motion carried by unanimous vote of the Commission.

A discussion took place as to whether or not this is an emergency amendment. It was agreed that this regulation should also be approved on an emergency basis.

Vice Chair McGraw said she would entertain a motion to approve on an emergency basis the proposed withdrawal and replacement of COMAR 36.03.03.04. Motion made by Commissioner Marriner, seconded by Commissioner Hash, and motion carried by unanimous vote of the Commission.

Gaming Research – **Jaelyn Vincent, Director**

Ms. Vincent said at this time she had nothing new to report.

Office of the Attorney General – **Robert Fontaine, Principal Counsel**

Mr. Fontaine said at this time he had nothing new to report.

PUBLIC COMMENTS

Mr. Kevin O’Keefe from the Maryland Amusement and Music Operators Association stated that they have been attending the Commission meetings for the past 27 months. They will be attending the public hearing regarding the amusement device regulations that is scheduled for June 27. He provided the written comments to the Commission that will be presented at that hearing.

There were no other public comments.

DATE AND TIME OF NEXT MEETING

The next regular monthly Commission meeting is scheduled for 10 a.m. on Thursday, August 14.

ADJOURNMENT

There being no further business for discussion, Vice Chair McGraw adjourned the meeting at 10:50 am.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen L. Martino". The signature is written in a cursive style with a large, stylized initial "S".

Stephen L. Martino